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*Per Combined note on Subro {57/5} on
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FOR CABINET

QUADRIPARTITE TALKS ON INDONESIA

Ambassadorial discussions on Indonesia between the United States, Britain, New Zealand and Australia took place in Washington on 11th and 12th February, 1963. At these talks Australia was represented by Sir Howard Beale, Australian Ambassador to the United States of America and Sir Arthur Tange, Secretary of the Department of External Affairs. The talks were a result of a British initiative in mid-January. At that time the British approached the United States in Washington expressing concern about developments in Indonesia and asking for discussions with the Americans on the question of policy towards Indonesia. Australia was invited to participate in these discussions which were initially envisaged as tripartite but later expanded at our request to include New Zealand. Cabinet agreed on 5th February (Decision No.632) that Australia should attend the talks and laid down lines which were to guide the Australian representatives.

The British initiative appeared to be precipitated by the attitude of Indonesia towards Malaya and Malaysia and possible action by Indonesia against the Borneo territories. The object of the British approach to the Americans was to obtain firm United States support for Malaysia, both now and in the long term. There may also have been some British fear that in view of Philippine and

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Indonesian opposition to Malaysia, the United States might not have been prepared to continue political support for Malaysia and that Australia, being preoccupied with relations with Indonesia, might exclude completely any possibility of military support. They were thus concerned that a united front should be presented to Indonesia. They had a vague but developing recognition that some inducements must be given to Indonesia and the Philippines if their hostility to the concept was to be reduced.

Before the talks the United States had expressed its approval of the concept of Malaysia in general terms regarding it as basically anti-Communist, as a stabilizing force and a means of safeguarding Western interests, both political and military, in the area. They had approved the action which the British had so far taken in Malaya, Singapore and the Borneo territories but considered that the development and protection of Malaysia was primarily a British responsibility. While they were prepared to discourage the Indonesians from external adventures and anti-Western action, they did not appear prepared to take drastic measures which could adversely affect their relations with Indonesia. The United States also recognized that the Philippines and Indonesia may be genuinely concerned about the effect which Malaysia could have on their security and that these views may have to be taken into account.

Recommendations to Governments Arising from the Talks.

1. Malaysia

(a) A number of suggested approaches were considered. The meeting favoured a British approach to the Tunku to encourage moderation and to urge that Malaya make a major

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gesture of friendship towards Indonesia. It was agreed that the need for moderation should be strongly represented to the Tunku as a tactical means of putting the Federation into the best political position before 31st August. (I have myself in Kuala Lumpur and in Canberra been urging the Tunku to cease rash and intemperate statements).

(b) Other possible inducements to Indonesia were considered and (after private discussion beforehand with the Australian representatives) the British suggested:-

- (i) the offer to Indonesia either of a non-aggression pact or a statement of non-aggression;
- (ii) a free trade area between the Philippines, Malaya and Indonesia;
- (iii) individual or joint discussions with Indonesia about mutual defence arrangements;
- (iv) other forms of political consultation which might be used in the months ahead to set Philippine and Indonesian fears somewhat at rest;
- (v) other matters such as suppression of piracy and smuggling and frontier definition were considered means to keep the door open.

It was agreed that Britain would consult with Malaya on these points after which they would discuss further action with the United States and the Governments of Australia and New Zealand.

(c) The participating countries should keep up an exchange of intelligence about Indonesian intentions.

(d) Further consultations at a later date would be necessary on -

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- (i) Western action in the United Nations against a possible Indonesian case there. (It was agreed that the missions of the four participating countries in New York would consider this).
- (ii) Defence or other commitments which might be decided upon by the Commonwealth Governments after consultation among themselves.

2. Portuguese Timor

- (a) It was agreed that the problem of Portuguese Timor was one for Governments to keep under continuing discussion and that there should be further consultations between parties in Washington about United Nations tactics.
- (b) There was agreement on the need for concerted action well in advance of any Indonesian moves.
- (c) No agreed course of action emerged during discussions although it was generally felt that the United Nations involvement with Timor would remain unacceptable to Portugal because of the precedent which would be created with regard to Angola and Mozambique.
- (d) The United States delegate suggested that there might be some possibility of influencing the Portuguese Government to take a realistic view of the situation of the territory and to make changes in its present policy to take account of world opinion on colonial matters. He had in mind a ten-year reform programme of education and welfare to be followed by a plebiscite in which the Timorese were to decide their own future. The Australian representatives referred to contact with the Portuguese which showed no prospect that the Portuguese Government would make any alteration to its policies. (In addition it seems unlikely that major reform programmes could succeed without substantial changes in the Portuguese administration).

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Implications of the TalksThe Creation of Malaysia

No participant at the Washington discussions appeared to have objections to the concept of Malaysia which appeared to be regarded as the best available solution for the problem of the territories. At the same time the other three countries pressed Britain to ensure the maximum appearance of popular consultation and support for Malaysia in the territories. There remains some doubt as to whether the British are yet fully aware that there is substantially more for them to do to make Malaysia stand up to international scrutiny. There is also some doubt as to whether they will seriously attempt to remove, by further consultation, any legitimate grounds there might be for Indonesian and Philippines opposition. The British delegate appeared unwilling or unable to accept that the two countries might have any other motives than cupidity or expansionism. The British also appear to feel that they have already gone far enough to meet the misgivings of Indonesia and the Philippines and appeared reluctant to make further moves. The discussions also demonstrated that the British intend to keep to their present timetable for the creation of the Federation by 31st August, 1963, believing that delay in the creation of the Federation would seriously affect the chance of its ultimate creation.

United States Attitude to the Defence of Malaysia

The British attempt to secure assurances of support from the other countries, in particular from the United States, in the event of military difficulties with Indonesia, was not completely successful. The United States recognized that the security of Malaysia was of concern to it

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but made clear their intention to avoid involvement in internal security action. They regard Malaysia as primarily the responsibility of the British and secondly of Australia and New Zealand. If Indonesia went to the point of active interference, this would involve a withdrawal of United States support from Indonesia. The United States had made clear in Djakarta that if the Indonesians were to take action against Malaysia, beyond their present activities, this would cause the United States to re-examine the whole question of relations between the two countries. The United States delegation was, however, unwilling to define what it would regard as aggression by Indonesia for this purpose.

The attitude taken by the United States in the Washington talks indicates that they will not be prepared to enter into any commitments to the defence of Malaysia although they will give it limited political and diplomatic support and attempt to restrain the Indonesians from any active interference. While in the final analysis the United States may be prepared to come to the military assistance of Malaysia, the United States will be influenced by its assessment of the effect which this would have on its long term relations with Indonesia and the degree to which Britain, Australia and New Zealand had committed their own forces.

In a subsequent response to American questions on British reactions in hypothetical situations affecting the defence of Malaysia, the British replied that while answers would be subject to an eventual Government decision, British forces would assist Malaysia in the event of heavy infiltration in Borneo. The British said that they would retain a sufficient capability in South East Asia to deal with such commitments. Training facilities would be retained in North Borneo and the British believe that reinforcements from Singapore could be sent quickly.

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New Zealand officials have expressed some concern at the unwillingness of the United States to undertake any defence commitment for Malaysia. New Zealand would probably be prepared to accept an association with the new defence agreement similar to that which it now accepts with the Anglo-Malayan Defence Agreement. If the prospect of ultimate United States involvement in Malaysia was not too remote, New Zealand would be prepared to see itself in the second line of Malaysian defence. However, if the United States was not prepared to define its position New Zealand would be reluctant to assume a commitment to the defence of the Borneo territories which brought New Zealand into direct conflict with Indonesia.

United States Attitude to Indonesia

The United States attitude to Indonesia showed a desire to avoid action likely to antagonise the Indonesian Government. The United States delegate described United States policy towards Indonesia as one of maintaining the strength of the Army so that when Soekarno passed from the scene the Army, or parties supported by it, would remain in a dominant position. They see Indonesia as the vital nation of the region and consider it of utmost importance not to drive Soekarno further towards the Russians. Caution was needed not to jeopardize long term Western relations with Indonesia. The United States considered that before any step was taken its long term as well as short term value must be assessed. While the United States could not countenance an Indonesian seizure of the Borneo territories or any overt attack in the area, its approach to the problem was one of caution and it expected its allies to think in similar terms. In a consideration of what amounted to aggression and a situation in which Britain could expect firm support, the United States delegate was non-committal and reiterated that long term considerations must be borne in mind when making decisions on immediate ones.

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Portuguese Timor

On Portuguese Timor all delegations appeared to agree on the inevitability of Indonesian moves against the territory and they made plain their belief that their Governments would take no military measures in support of the Portuguese. The British and Americans expressed the opinion that Australia is in the best position to attempt to influence the Portuguese towards a policy of improving conditions in Timor with an eventual move in the direction of self-determination. While appreciating the action Australia has already taken, the British and Americans, because of their treaty difficulties with the Portuguese, will expect Australia to take the main role in influencing the Portuguese to adopt a more realistic attitude.

Conclusions

Cabinet has already decided in advance of the Washington talks that it accepts Malaysia as the best available solution to the internal problems of the territories and to maintaining the Malaysian countries as a Western aligned group. Its acceptance of Malaysia has, however, been qualified by the need to avoid the new Federation requiring indefinite support by the West against the hostility of Indonesia and the Philippines. Britain has indicated that it intends to press ahead with the creation of the Federation by the planned date of 31st August, 1963. The United States, Australia and New Zealand were unable or unwilling to give any definite military commitment but the British clearly believe that the attitude of these countries at the Conference indicated a willingness under certain circumstances, e.g. direct Indonesian aggression, to come to the assistance of Britain and Malaya. The United States underlined its intentions in matters concerning its relations with Indonesia to be guided by long term as well as short term

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considerations. The United States regards Indonesia as the vital nation in the region and is concerned to maintain and improve Indonesia's relations with the West.

Our attitude to the defence of Malaysia is therefore a matter for urgent consideration. Our original commitments were designed to give Malaya protection against either external aggression or internal subversion by the Communist powers and when we consider the future of the Strategic Reserve and the nature of our association with the Malayan Defence Agreement, we must decide whether this commitment is to be extended to include Malaysia and to its defence not only against Communist attacks but against a possible attack by Indonesia. By continuing to support Malaysia, we are to some extent committing ourselves on this question in advance.

Mr. Harriman also made clear that the United States will want to know what military commitments Australia will in fact undertake and what obligations we are prepared to assume under a Defence Agreement with Malaysia. He was, however, quite categorical that the United States regarded its ANZUS commitment as extending to the defence of Papua-New Guinea. It is important to remember here that the United States commitment under SEATO is specifically linked to Communist aggression.

These fundamental question are under urgent consideration. In the meantime in view of the British intention not to delay the creation of Malaysia, Cabinet must decide on a number of points:

- (a) Are we to continue publicly to support Malaysia accepting risk of greatly increasing the difficulties of our relations with Indonesia, perhaps, even to the point of a military conflict?
- (b) Are we to support Malaysia strongly in the United Nations Committee of 24 (on decolonisation)?

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- (c) To what extent should we adopt a positive role in building up the Malayan Defence Forces? (A request is now pending for Australia to provide a Deputy Commander-in-Chief for the Malayan Air Force plus five officers).
- (d) At what stage and at what level should our policy on these questions be made public? (My last firm reference to Malaysia was in my speech to the General Assembly on 26th September, 1962).

In answering these questions we must keep in mind not only the risk of military involvement with Indonesia but the fact that our whole military strategy is based on the necessity for a forward position in South East Asia. In other words, we are committed to the idea of the Strategic Reserve in Malaya. To withdraw from this position would deal a heavy blow to the whole Western position in South East Asia, not only with the aligned countries but with the non-aligned countries who, while publicly deploring our presence, privately derive some comfort from a Western (and Australian) military presence in the area.

The view to which I have come and which I wish to submit to my colleagues is that we should continue to support the creation of Malaysia and accept the very real risk that thereby we may cause tension in our relations with Indonesia and that we may be required for an indefinite future to prepare militarily to assist in the defence of the new Federation. In my consideration of the problem I have been most mindful of the great importance to Australia of good relations with Indonesia - the fifth largest nation in the world lying across our lines of communication, of great natural resources and as it develops, of great trading possibility. I have also been most mindful of the possible weaknesses of Malayan administration of what are relatively far flung territories, of the likely longevity of at least Indonesian, if not of Filipino opposition, and of the

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reluctance of the United States to commit itself to the defence of Malaysia. These are no doubt powerful considerations to have in mind: but it seems to me to be imperative that at this time we prevent and discourage Indonesian expansion. Unlike the case of West New Guinea both Great Britain and the United States have publicly favoured Malaysia and have done so in the face of expressed Indonesian opposition. Great Britain is committed to withstand Indonesian expansion whether overt or covert, into the Borneo territories and the United States although not committed in any formal way does give an indication that in the last resort it would be unlikely to stand by and see a British, or a British-Australian defence of Malaysia fail. The occasion is therefore ripe, to my mind, for firm Australian opposition to Indonesian expansion in relation to Borneo, though I do not overlook the possible, even probable consequence, that, if halted in the northward direction, Indonesia may the sooner turn towards Portuguese Timor. Also, we have supported Malaya to date and I cannot see us lightly deserting such a pro-Western Government. Failure publicly to support now would look like a withdrawal of support. Accordingly, I recommend that we continue publicly to support Malaysia and that I take an early opportunity to make a public statement of our position. In doing so, I would like to repeat that, although I do not consider them to be the real witness for Indonesian attitudes towards Malaysia, I do recognise that Indonesia - and for that matter the Philippines - has real reason to be apprehensive of the consequences of weak or unskilful administration in Malaysia. Both fear the approach of the Chinese closer to their respective territories and each must justifiably feel that, although technically not their concern, they have an interest in the creation of Malaysia and some claim to consultation, and perhaps, even to reassurances. My inclination is to think that in any public statement, I should make the point

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that whilst we favour Malaysia, and are completely opposed to outside interference, whether overt or covert, in its formation, we recognise the importance to Indonesia and the Philippines of the arrangements made and we understand the expression through diplomatic channels of their concern and the desirability of the exchange through diplomatic channels of views and information with respect to the creation of Malaysia. In short, we should present ourselves to the Indonesians as quite firm in relation to any aggression, whether overt or covert, in the form of subversive activity, but understanding and desirous of satisfying what we consider to be their legitimate concern about changes in the sovereignty of the territories immediately adjacent to their own. It must not be thought, however, that such a course will necessarily mollify the Indonesian leaders and it must be realised that continued support of Malaysia which I recommend, does involve us, as I see it, most probably in military support of Malaysia for an indefinite time.

GARFIELD BARWICK

MINISTER FOR EXTERNAL AFFAIRS

26th February, 1963

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